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C O N F I D E N T I A L SECTION 01 OF 05 MADRID 001021

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TO THE SECRETARY FROM AMBASSADOR EDUARDO AGUIRRE; ALSO FOR
EUR DAN FRIED, E-ES, KEN MERTEN, EUR/WE

E.O. 12958: DECL: 06/30/2016

TAGS: OTRA PREL SP

SUBJECT: SCENESETTER FOR SECRETARY RICE'S JUNE 1 VISIT TO
MADRID

Classified By: Ambassador Eduardo Aguirre for reasons 1.4 b & d.

Summary

¶11. (C) Dear Secretary Rice: I welcome you to Spain on behalf of our 367 American and Spanish colleagues serving the United States at Mission Spain. Your visit is a milestone in our work, together with you, to overcome the differences over Iraq with the Spanish government and convince them that further strengthening cooperation coincides with Spain's national interest. At the same time, your visit can serve as a catalyst to encourage Spain to become an even more active -- but responsible -- member of a Transatlantic partnership, marked by cooperative efforts on our shared values, including counter-terrorism and promoting democracy, freedom and human rights throughout the world. This means that you will need to speak frankly to the Spanish government about Cuba, despite their desire to avoid the issue. The issue need not be the central one in a rich agenda on a wide variety of fronts in which we work closely with Spain; however, Cuba must be an element of your discussions on democracy, and Spain's own special responsibility as a democracy leader that has successfully undergone the transition from dictatorship to thriving democracy. Your discussions will also include Kosovo, Afghanistan, Spain's OSCE Chairmanship, Russia, Iran, Iraq, Latin America and the Middle East. Moratinos will raise a thorny child-custody case involving a Spanish woman currently jailed for contempt of court in New Jersey. Your interview with the Spanish press will provide an opportunity to reach out to the Spanish people and underscore the significant value of our alliance and convey our views on issues on which we differ. We see this visit as a great opportunity to advance our relations with Spain, and the Spanish government shares this view. END SUMMARY

¶12. (C) The Spanish government has long awaited your first visit as Secretary of State and views it as a sign of the importance of strong U.S.-Spain relations. They will use your visit to counter criticism that the Zapatero government has shattered the transatlantic relationship. Per the Spain strategy you approved two years ago, we have sought to move this government away from visceral and reflexive anti-U.S. policies and sentiments, carving out areas in which Zapatero's government can offer support for the President's broad global agenda. We have made clear to the Zapatero government that the price of our willingness to publicly promote good bilateral relations is real contributions on world issues. While we have made some positive headway, the Zapatero government has not hesitated on occasion to pursue an agenda counter to our own when deemed in the Socialist party's domestic political interest. Your visit should encourage Spain to be an even more active member of a transatlantic partnership that works cooperatively in pursuit of shared values on freedom, democracy, human rights and development.

What is Working

13. (C) On the positive side over the past two years, Spain contributed \$22 million to the Basrah Children,s Hospital and offered a further \$28 million in new money at the recent Iraq Compact meeting. The Zapatero government established a robust presence in Afghanistan that includes allowing the Spanish military to lead a PRT and co-lead a Forward Support Base in Western Afghanistan. Spain has contributed some 150 million Euros in Afghan reconstruction funds. Spain also has 1100 troops deployed along the Lebanon-Syria-Israel border as part of UNIFIL. The government allowed a sale of military aircraft to Venezuela to die. They support Turkey,s membership in the EU and have said that they will not pose problems on Missile Defense. We have superb two-way cooperation on counter-terrorism, counternarcotics, non-proliferation and military issues. This includes the use of two vital bases in southern Spain near the Straits of Gibraltar, where we maintain over 2000 personnel that serve as major logistical hubs for the flow of troops and materiel into the Iraq and Afghanistan theaters. The GOS also very much appreciates US coordination with Spain on Western Sahara, since Spain sees near-by North Africa as vital to its national security interests.

14. (C) In addition, our economic relationship with Spain is strong and mutually beneficial. The Spanish economy has boomed in the last decade as a result of structural reforms, EU aid, and membership in the Euro zone. The commercial relationship is dominated by a very strong U.S. direct investment presence, although two-way trade remains a relatively minor percentage of each country,s exports and imports. Many of the U.S. Fortune 100 firms are present and

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doing well. The American Chamber of Commerce estimates that about five percent of Spain,s annual GDP comes from U.S. investment. In recent years, U.S. portfolio investors have bought significant shares in major Spanish firms. Spanish firms have rediscovered America and are now investing in the United States, especially in the banking and renewable energy sectors, and Spanish construction companies have also won important contracts in the U.S.

15. (C) Spain cooperates closely with the United States in the fight against terrorism finance, co-chairing the Financial Action Task Force with us. Following intensive intervention by the USG and private industry, the Spanish government is giving increased attention to intellectual property rights issues. Other areas where we work closely with the Spanish include NASA,s Deep Space Network, and close partnerships in port security programs such as Megaports and the Container Security Initiative.

What Still Needs Work

16. (C) However, our challenge has been to channel the efforts of a unpredictable Spanish Foreign Minister who portrays himself as a self-styled &bridge8 between the U.S. and difficult world players--such as Syria, Cuba, Iran and some Palestinian elements. Additionally, President Zapatero plays to a largely leftist, pacifist support base, and uses foreign policy to win domestic political points rather than giving attention to core foreign policy priorities or embracing broader strategic goals.

17. (C) This has lent an erratic &zig-zag8 quality to the bilateral relationship. Moratinos, recent visit to Cuba highlighted the difficulty of maintaining a smooth and stable pattern as did his earlier outreach to Syria and Iran. Zapatero,s reversal of his Defense Minister,s commitment to deploy 150 troops to staff the ISAF XI headquarters reflects PSOE,s increasing sensitivity to Spanish public concerns about growing dangers in Afghanistan during this highly charged political season here) with local/regional

elections May 27 and national elections by March 2008. Kosovo independence is a sensitive issue for the GOS, which maintains troops in KFOR, because of concern about the impact of such an evolution on Spain's own complex federal vs. regional struggle. For this reason, a UNSC Resolution explicitly authorizing independence will be essential for Spain to maintain its troops there.

Proposed policy agenda

18. (C) We want to challenge the Zapatero government to do better in the U.S.-Spain relationship as a result of your visit. In your meetings with King Juan Carlos, Zapatero and Moratinos, we suggest you frame our goals with Spain over the following months along several interrelated themes that make clear the need to act responsibly in NATO, Latin America and the Middle East in order to be seen as a reliable partner. We suggest the following themes:

--Spain should work more closely in coordination with us in Europe and around the world on the freedom or democracy agenda. Spain has achieved a remarkable transformation since the end of dictatorship 30 years ago. It is one of the leading democracies in Europe and has the 8th largest economy in the world. Spain is now an active player in Europe, Latin America and the Middle East, including Iran. But Spain needs to act in concert with the EU, NATO and the U.S. on key issues. There is too much at stake for Spanish freelancing, as in the Middle East, Cuba and Russia. The transatlantic community needs Spain's support on Kosovo, Missile Defense, NATO transformation, and Iran. The price of leadership and respect, which Spain seems to desire, is the willingness to devote the resources, assume responsibility, share burdens and act jointly with other powers. We welcome Spain's commitment to stay the course in the pivotal struggle in Afghanistan. We know it is a delicate political issue in this electoral season but it is the right thing to do and a responsible policy. Spain's OSCE chairmanship is important on all of these issues and we want to ensure close consultations so that Russian attempts to weaken key OSCE functions are curtailed.

--Spain needs to help in countering anti-Americanism by publicly emphasizing cooperation. The U.S. and Spain cooperate on a myriad of issues that matter to the Spanish people, including the fight against terrorism and international organized crime, Middle East, North Africa, human rights and support for democracy. We urge the Spanish government to work with us to allay anti-American sentiments

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in Spain, not just cooperate with us behind the scenes. Spain's changing population and proximity to North Africa make it a prime target of Islamic extremism regardless of its relationship with the U.S. It is essential that we emphasize our shared values of democracy, human rights, freedom and opportunity for immigrants. Furthermore, during this difficult election period, we do not want our bilateral relations to become a casualty of the political crossfire. We understand electoral politics, but not at our expense.

--Spain should capitalize on its role as a democratic leader. The U.S. welcomes Spain's contributions on Afghanistan and Iraq, defense ties and counter-terrorism; these form the basis of our good bilateral relations. Spain's success in the transition from dictatorship to thriving democracy makes it a worldwide leader in the areas of democracy-building and institution-building. Spain should deploy that expertise more actively in concert with our shared goals. Our respect for Spain's exemplary democratic transition makes it all the more perplexing and disconcerting that Spain has embarked upon a policy of outreach to the Raul Castro regime, validating his succession with no clear message about the need for democratic transition. Nevertheless, we want to continue working with Spain in support of human rights and market-based economic policies in Latin America, including

Cuba, and we urge Spain,s leadership to act in more positive ways and to demonstrate publicly Spain,s own values.

¶9. (C) We believe that folding our concerns about recent Spanish foreign policy moves into a broader, positive agenda can help advance our goals as we navigate the waters of a very difficult and volatile political season in Spain.

The Political Environment

¶10. (C) You arrive just after the May 27 regional and local elections. Current polls show that the results will likely provide momentum for both Zapatero,s Socialist Party and Mariano Rajoy,s Popular Party going into national elections by March 2008. In the regional elections, the Socialists could gain seats and join in coalition governments in three current PP regions. With Socialist victories in several regions last year, Zapatero could have a strong base of support going into the national elections. However, the PP is expected to strengthen its support in its traditional regional strongholds. On the national level, while support for Zapatero has diminished since its peak after the March 2004 elections, Rajoy has not been able to capitalize and his ratings remain low and are falling.

Assessment of Zapatero

¶11. (C) Though polls show Zapatero,s support down from the high just following the March 2004 elections and considerable concern about his ETA policies, he stands a good chance of surviving national elections in early 2008, albeit with some of his support drifting to smaller, leftist parties in the Parliament.

¶12. (C) Zapatero focuses almost exclusively on domestic policy; his foreign policy instincts are governed by the exigencies of their domestic political impact. With a largely left of center, pacifist public which is strongly opposed to the Iraq war, the Aznar government and Bush Administration policies, Zapatero loses nothing by taking the U.S. to task on key issues. However, Zapatero now recognizes that the Spanish public believes that Spain,s leaders must maintain good relations with the U.S. After his first volatile year in office, he has sought to improve the tenor and substance of U.S.-Spain relations while still maintaining the politically acceptable policy of offering criticism of U.S. policies as part of the role of what he calls a &loyal ally.⁸ We suggest you encourage Zapatero to continue to view a positive agenda with the U.S. as a necessary element of his political strategy and emphasize that the U.S. will not keep silent when his government pursues policies that run counter to our shared values and interests.

Rajoy as PP leader

¶13. (C) Your meeting with PP leader Mariano Rajoy will be interpreted in Spain as a symbol of continued U.S. ties with a partner that supports U.S. foreign policy goals. However, we need to make clear to Rajoy that the U.S. will continue to work with the current government as long as it is in power because of our major long-term interests in Spain, including in the war on terrorism and in Afghanistan. The Spanish media will scrutinize the length of your meeting with Rajoy in comparison with your session with Zapatero for signs of

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any political signals we are trying to send.

¶14. (C) Recent polls indicate that Rajoy thus far has not been able to galvanize support for his candidacy for Spain,s Presidency, despite some very meaty issues that could be developed to the PP,s advantage. One of the most crucial of these controversial issues is Zapatero,s policy toward the Basque terrorist group ETA, which the PP viscerally opposes and which has driven hundreds of thousands of protesters into the streets. The PP points to the December 30 attack at the

Madrid airport which killed two Ecuadorian citizens as proof that ETA will not renounce violence. The PP remains strong in its traditional strongholds, however, and the ETA issue has become increasingly worrisome to a number of Spaniards. However, recent polls show that Rajoy himself has not galvanized support for his candidacy for Spain's Presidency. If PP turns out a large number of voters for the regional and local elections, Rajoy nonetheless will come to your meeting buoyed with the hope of a strong challenge to Zapatero in the national elections. Bitterness over the March 11 terrorist attacks and the Aznar government's handling of the issue, however, remains a liability for Rajoy, and Spanish politics at the national level are bitter and divided.

Role of the King

115. (C) Your meeting with King Juan Carlos will demonstrate U.S. respect for the Spanish state and its people. Though prohibited from playing a direct role in foreign policy, Juan Carlos has helped behind the scenes. For example, he helped smooth relations with the U.S. after tensions in the months following the 2004 Spanish elections. In November of that year, President and Mrs. Bush invited the King and Queen for a pre-Thanksgiving lunch at Crawford, which was widely interpreted here as a sign of respect for the Spanish state. Juan Carlos is well versed on foreign policy issues and will welcome your review of the key issues you plan to discuss with Zapatero and Moratinos. He should also hear our strong concerns on issues like Cuba and Syria. On a personal note, you might congratulate the King on the birth of Crown Prince Felipe's second daughter, Sofia, born on April 29, 2007.

Dealing with Moratinos

116. (C) We no longer hear last year's rumors of Moratinos, imminent departure from his post as Foreign Minister and he seems entrenched in his position. He seeks a role on the world stage and tries to capitalize on his old ties in the Middle East, as well as Spain's presence in Lebanon and Afghanistan, to play a role on Israel-Palestinian issues, Lebanon, Syria and Iran. We have sought to find ways to keep Moratinos in contact with senior USG officials on a range of issues as a means to help channel his efforts. Spain's chairmanship of the OSCE puts Moratinos in the unusual position of having a voice and interest in core transatlantic issues related to Central and Eastern Europe, Russia and the Caucasus. Moratinos, penchant for trying to &mediate8 needs to be tamed as Russia issues come to the fore; we have already seen evidence of Spain's willingness to try to excuse or mitigate Russia's recent threats to cut off CFE. Moratinos has denied that his comments that he supports Missile Defense discussion in the OSCE, but Russian Embassy contacts have told us that Moratinos supports the idea.

117. (C) Moratinos' recent trip to Cuba is one of the most prominent of Moratinos' miscalculations with the U.S. In addition to private protestations, I published an op-ed in Spain's leftist daily newspaper El País, laying out U.S. goals for democracy in Cuba. He has pushed the Human Rights dialogue promised during his visit so that it could take place just before your visit to Madrid. Moratinos will argue this justifies his Cuba policy. However, your visit should make clear to Moratinos the harm his trip has done to this effort, an objective he and Zapatero continually claim they share with us. Moratinos wants your brief bilateral before the working luncheon to be kept to a small group, where he wants to corral the issues of Cuba, Kosovo and Afghanistan (his proposal for an international neighbors conference). These are the three issues he deems most sensitive from the Spanish side. In your working luncheon, issues will including US-Spain bilateral relations (including excellent counter-terrorism, defense, non-proliferation cooperation); Transatlantic issues, including Spain's Chairmanship of the OSCE, Russia and Moscow's proposals for OSCE to discuss Missile Defense, to Russia (Missile Defense); and finally, Latin America, Iran, Iraq, Lebanon and the Middle East peace process. Iran will be in the Spanish news during your visit;

while you are here, Larijani may be meeting with Solana at a

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location organized by the Spanish. Moratinos will also want to discuss the way forward on Western Sahara, and he is pleased at our cooperation in security the latest MINURSO resolution calling for direct talks between Morocco and the Polisario.

¶18. (C) Two important bilateral issues fall in the judicial area. Moratinos has said he will raise with you the child custody involving Spanish citizen Maria Jos Carrascosa who is currently jailed for contempt of court in Bergen County, New Jersey for failure to return her child to the US as required by a New Jersey court decision. During this political season in Madrid, the case has become a cause celebre, with pictures of Carrascosa) viewed as a mother separated from her child - in handcuffs entering the New Jersey prison. The GOS agrees that this is a case for the courts and both governments agree that mediation of the dispute is the appropriate response. However, Moratinos for political reasons has to show the government is doing something about the case. On our side, you should note continued USG concern about the court case against the three US servicemen charged with alleged &war crimes8 in the case of the death of Spanish TV cameraman Jose Couse in the Palestine Hotel in Baghdad in 2003. The GOS has been helpful behind the scenes in getting the case appealed by the Spanish Prosecutor. The case now moves to the appeals tribunal of the National Court, which will rule on the substance of the charges. We want continued vigilance and cooperation by the GOS until the case is dropped.

¶19. (C) Moratinos holds you in very high regard and values the contacts that he has had with you. Your efforts and those of other senior USG officials, along with mine, to help guide Moratinos on key issues such as handling Russia in the OSCE and on the full range of Middle East issues, can prove effective. The more outreach the better, as we try to play to his desire to have a role on major issues while helping to direct some of these efforts toward policies that work to support US global objectives.

¶20. (U) You may want to congratulate Moratinos on the upcoming celebration of the 50th anniversary of the Commission for Cultural, Educational and Scientific Exchange between the United States and Spain (the Fulbright Commission) and express how you look forward to hearing more about the events planned to take place in Washington to commemorate this major milestone. The Spanish Fulbright Commission, the second largest in Europe, is a truly binational organization with the majority of funding provided by the Spanish central government, as well as regional autonomous communities and private sector entities.

¶21. (C) In all, you will find a rich agenda with Spain, which your visit can advance substantially. Again, welcome to Madrid. We are looking forward to your visit on June 1.
AGUIRRE